

292 - SELF-INSURED PPO HEALTH PLANS ISF

Operational Summary

Mission:

The County Self-Insured PPO Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

Strategic Goals:

- Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

County Self-Insured PPO Health Plans - The County Self-Insurance PPO Health Plans Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

Ten Year Staffing Trend Highlights:

- This Internal Service Fund has no positions.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

At a Glance:

Total FY 2006-2007 Projected Expend + Encumb:	52,025,956
Total Recommended FY 2007-2008	89,420,736
Percent of County General Fund:	N/A
Total Employees:	0.00

Changes Included in the Recommended Base Budget:

Medical inflation (trend) in the industry continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County implemented plan design changes for the PPO plans and contracted with a new Claims Administrator, PacificCare Health Plan Administrators. We still see savings generated as the result of the health plan design changes and improved PPO discounts from PacificCare Health Plan Administrators which has limited the increase in medical and prescription claims costs.

The health plan rates for active employees and retirees will be pooled separately (split pool) in 2008. This will result in a redistribution of the total cost associated with health plan rates between employees and retirees. The implementation of split pool rates and will partially help to offset the projected trend increase for PPO rates for County employees. Health plan design changes for Premier Wellwise are projected for 2008. The implementation of health plan design changes will also help to offset the projected trend increase for PPO rates. In addition, a portion of the reserve from ISF

292 will be used to absorb any increase in medical and prescription claims and reduce increase to the Premier Wellwise rates due to trend. The combined changes are projected reduce the health plan rates for Premier Wellwise active employees.

Proposed Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual	Budget As of 3/31/07	Projected ⁽¹⁾ At 6/30/07	Recommended	Projected Amount	Percent
Total Revenues	72,388,468	81,700,504	83,415,380	89,420,736	6,005,356	7.20
Total Requirements	50,582,184	81,700,504	52,025,956	89,420,736	37,394,780	71.88
Balance	21,806,284	0	31,389,424	0	(31,389,424)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2006-07 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Self-Insured PPO Health Plans ISF in the Appendix on page A704

Highlights of Key Trends:

- Medical inflation (trend) in the industry continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County implemented plan design changes for the PPO plans and contracted with a new Claims Administrator, PacifiCare Health Plan Administrators. We still see savings generated as the result of the health plan design changes and improved PPO discounts from PacifiCare Health Plan Administrators which has limited the increase in medical and prescription claims costs.
- The health plan rates for active employees and retirees will be pooled separately (split pool) in 2008. This will result in a redistribution of the total cost associated with health plan rates between employees and retirees. The implementation of split pool rates will partially help to offset the projected trend increase for PPO rates for County employees. A portion of the reserve from ISF 292 will be used to absorb any increase in medical and prescription claims and reduce increase to the Premier Wellwise rates due to trend.

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Operation of Internal Service Fund 292 Operational Statement for the Fiscal Year 2007-2008

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7710	Insurance Premiums	60,627,812	57,996,540	54,871,312	54,871,312
Total Operating Income		60,627,812	57,996,540	54,871,312	54,871,312
OPERATING EXPENSES					
Services & Supplies					
1800	Office Expense	0	31,500	31,500	31,500
1900	Professional and Specialized Services	2,386,664	2,487,757	3,007,499	3,007,499
1911	CWCAP Charges	108,907	108,082	108,907	108,907
2400	Special Departmental Expense	2,337,697	2,276,228	2,581,439	2,581,439
2700	Transportation and Travel - Meetings/ Conferences	0	6,000	10,000	10,000
Total Services & Supplies		4,833,268	4,909,567	5,739,345	5,739,345
Other Charges					
3510	Other Charges - Operating	45,725,566	47,081,231	83,646,391	83,646,391
Total Other Charges		45,725,566	47,081,231	83,646,391	83,646,391
Total Operating Expenses		50,558,834	51,990,798	89,385,736	89,385,736
Total Operating Income (Loss)		10,068,978	6,005,742	(34,514,424)	(34,514,424)
NON-OPERATING REVENUE					
6610	Interest	1,001,673	1,802,874	1,550,000	1,550,000
7670	Miscellaneous Revenue	565,766	430,163	0	0
Total Non-Operating Revenue		1,567,439	2,233,037	1,550,000	1,550,000
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	23,350	35,158	35,000	35,000
Total Non-Operating Expenses		23,350	35,158	35,000	35,000
Net Non-Operating Income (Loss)		1,544,089	2,197,879	1,515,000	1,515,000
Income (Loss) Before Contributions & Transfers		11,613,066	8,203,621	(32,999,424)	(32,999,424)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		11,613,066	8,203,621	(32,999,424)	(32,999,424)

Operation of Internal Service Fund 292
Operational Statement for the Fiscal Year 2007-2008

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual	Estimate	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
7810	Interfund Transfers In - from Fund 100	1,317,102	1,379,518	1,610,000	1,610,000
	Increase (Decrease) in Net Assets - Unrestricted	12,930,168	9,583,139	(31,389,424)	(31,389,424)
	Net Assets - Unrestricted - Beginning of Year	8,876,117	21,806,285	31,389,424	31,389,424
	Net Assets - Unrestricted - End of Year	21,806,285	31,389,424	0	0